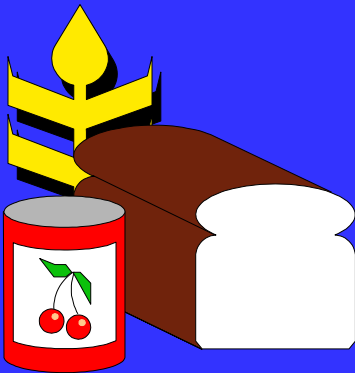




# 2005 Retail Food Price Outlook

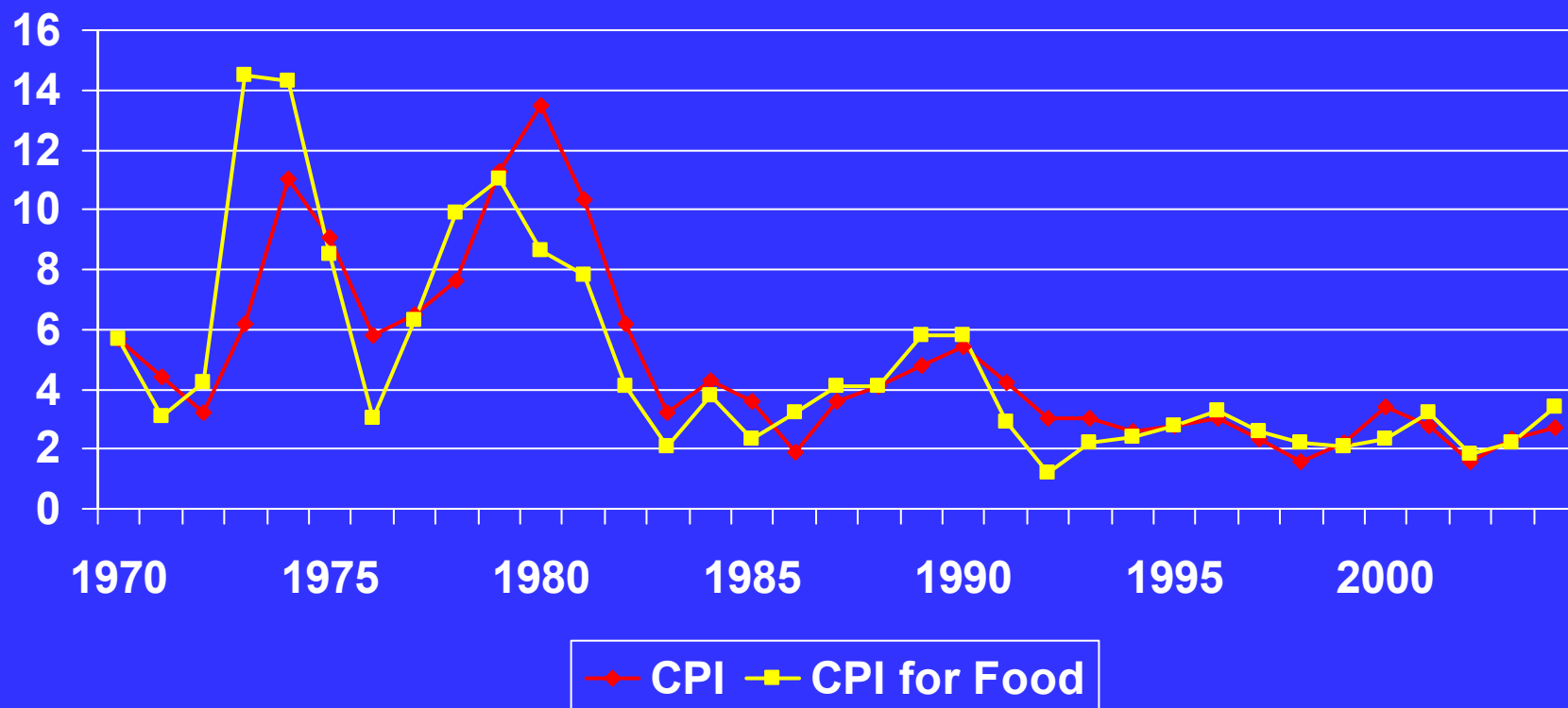
Ephraim Leibtag  
ERS-USDA



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# CPI vs CPI for Food 1970-2004

## Annual Percent Change in CPI and CPI for Food



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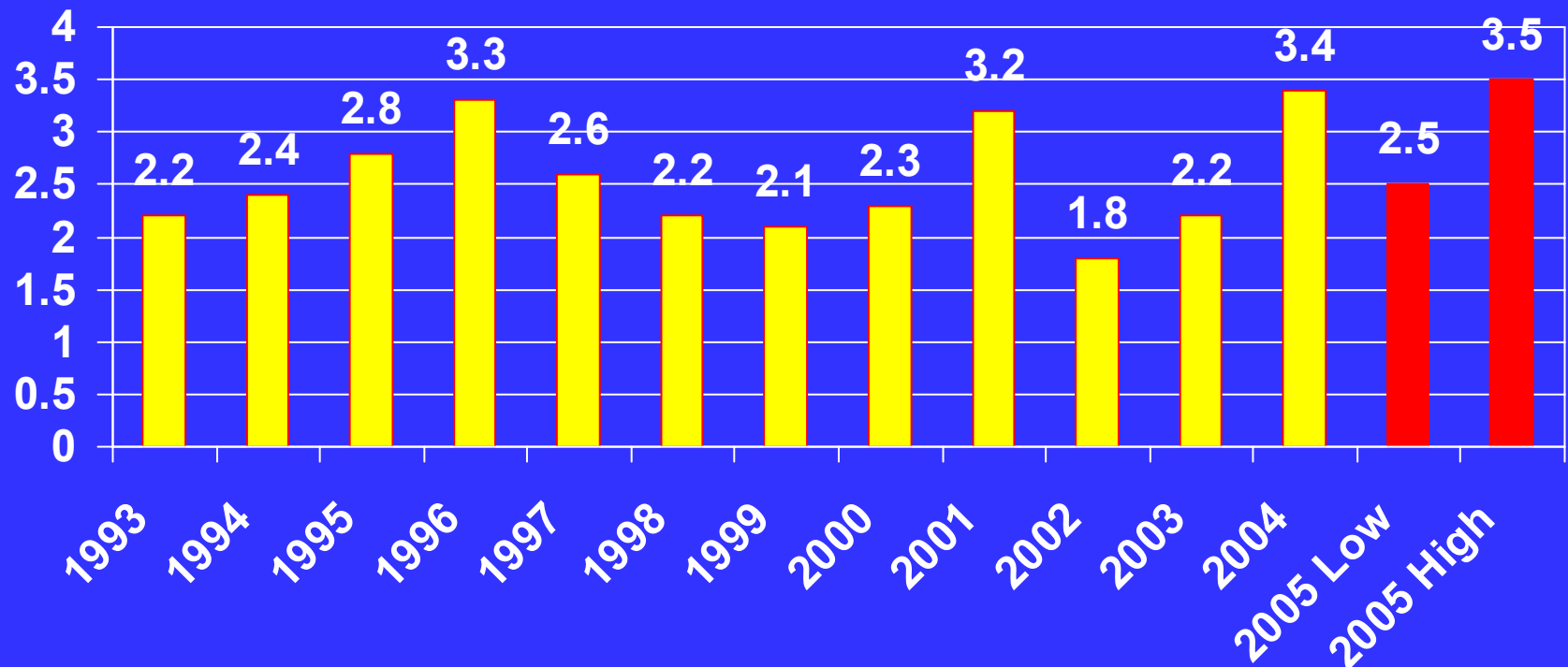
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# CPI for Food Expected to Stabilize in 2005

## Annual Percent Change in CPI for Food



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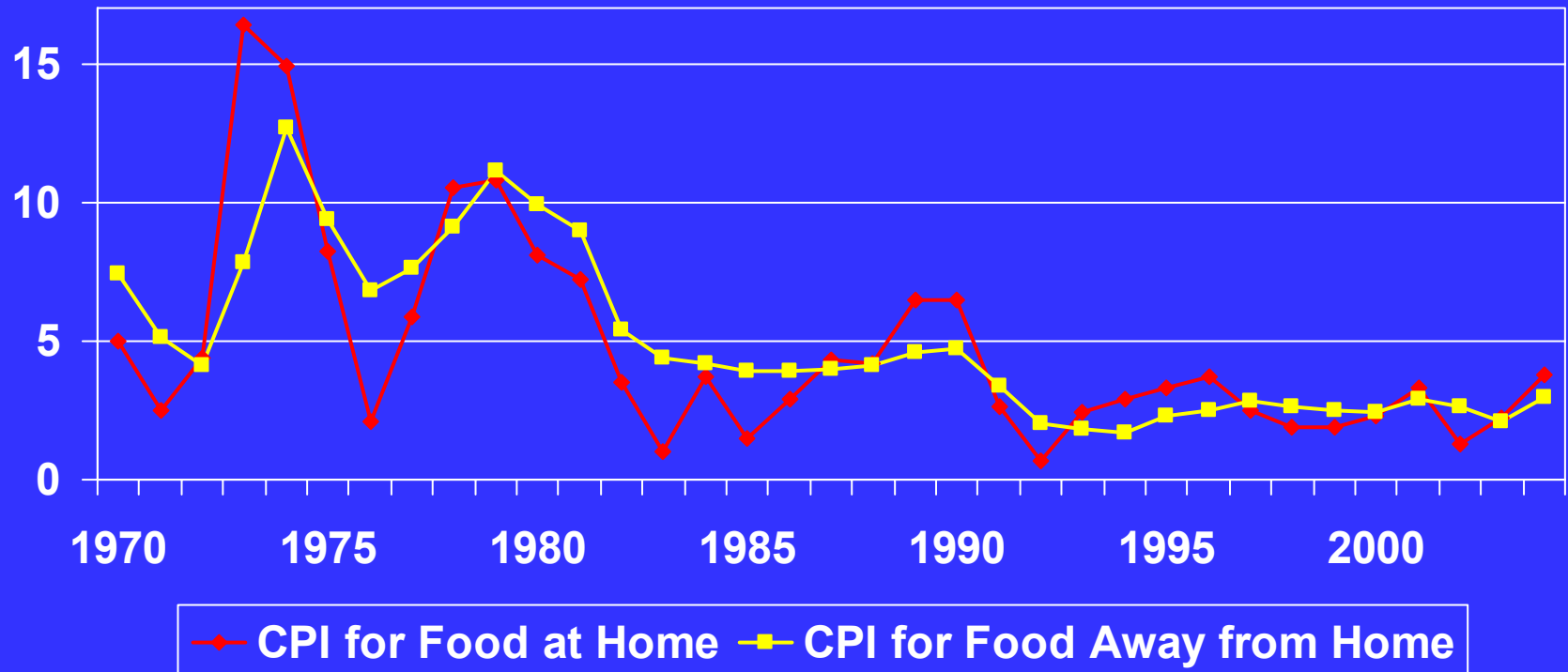
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# Food at Home vs Food Away from Home 1970-2004

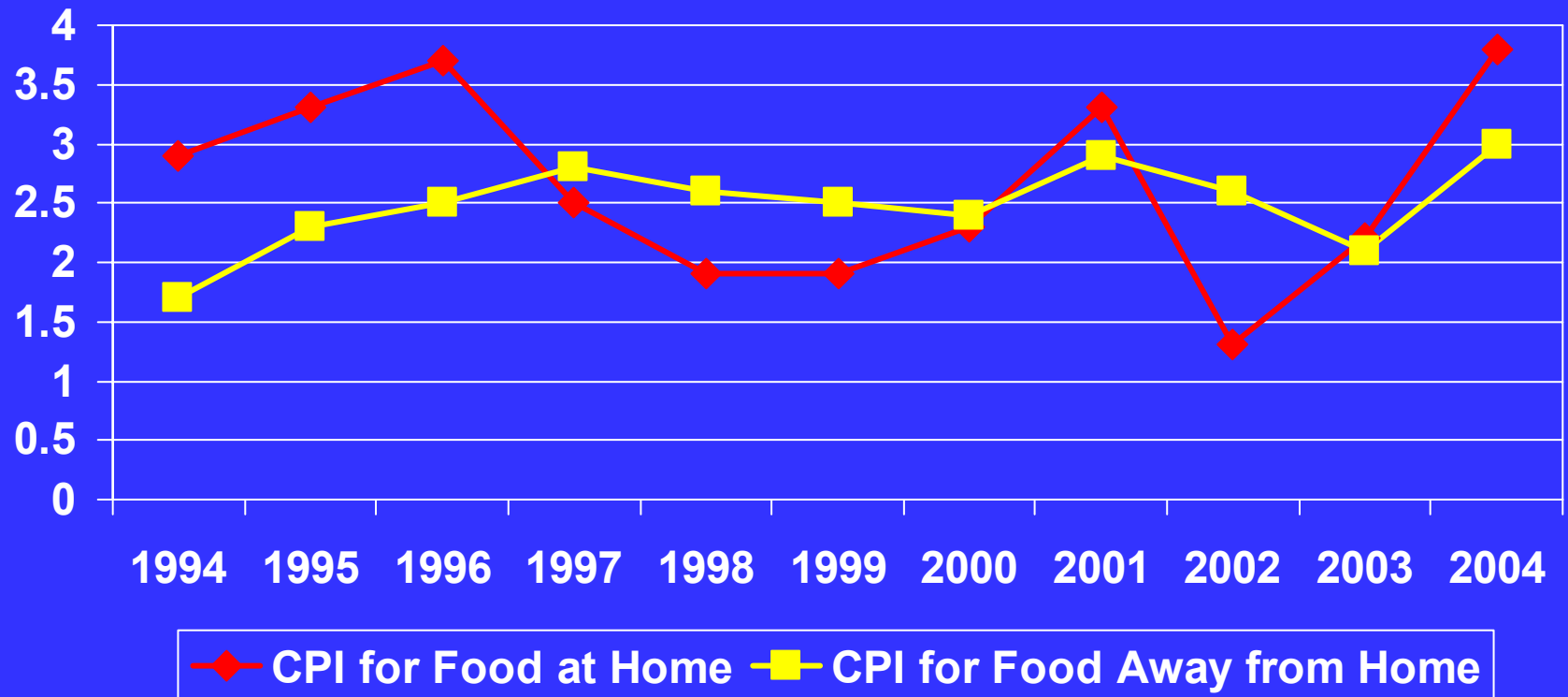
Annual Percent Change



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# Food at Home vs Food Away from Home 1994-2004

## Annual Percent Change



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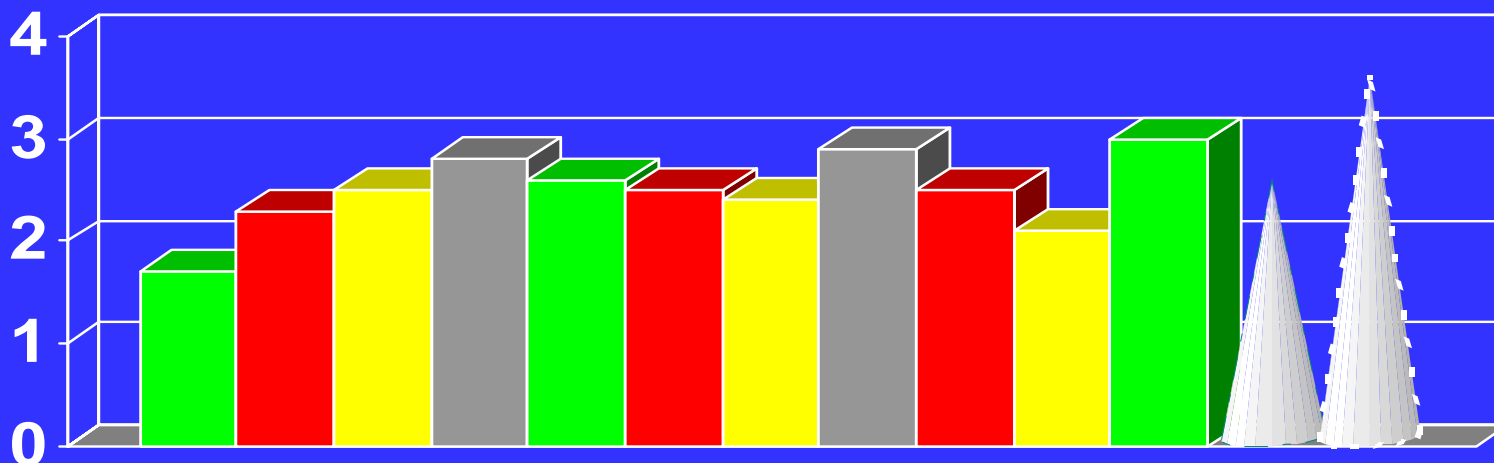
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# Steady Growth for FAFH CPI

## Annual Percent Change in CPI for Food Away from Home

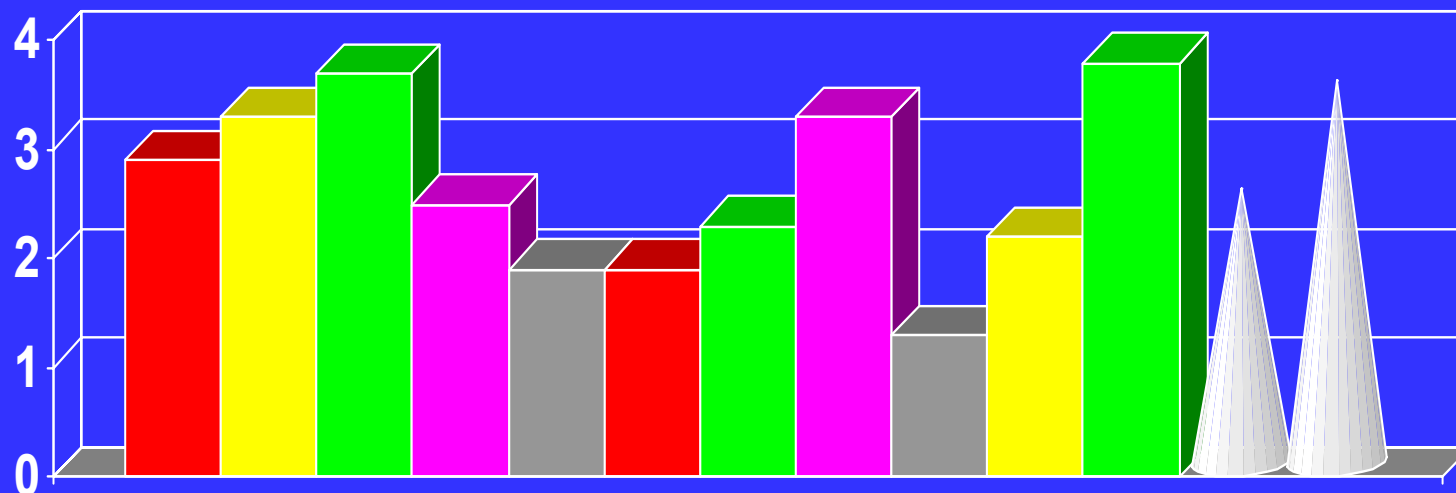


1994	1995	1996	1997	1998
1999	2000	2001	2002	2003
2004	2005 Low	2005 High		

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# Slower Growth in Food-at-Home CPI

Annual Percent Change in CPI for Food at Home



1994	1995	1996	1997	1998	1999	2000
2001	2002	2003	2004	2005 Low	2005 High	

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# Why?

- Upward Pull on Retail Food Prices:
  - Higher Energy and Transportation Costs
  - Rising Labor Costs
  - Uncertainty in Commodity Prices
- Stabilizing Forces:
  - Better Inventory Management/Cost Saving Technologies
  - Globalized Trade: Year-round availability
  - Increased Competition from nontraditional retail formats.
  - Food away from home continues upward trend in share of food bill.
  - Increased demand by consumers for convenience, quality, *and* low prices.



# Percent Change in Food CPI 2002-2005 (a)

Items	Actual 2002	Actual 2003	Actual 2004	Forecast 2005
All Food	1.8	2.2	3.4	2.5 to 3.5
FAFH	2.5	2.1	3.0	2.5 to 3.5
Food at Home	1.3	2.2	3.8	2.5 to 3.5
Beef	0.1	<b>9.0</b>	<b>11.6</b>	<b>1.0 to 2.0</b>
Pork	-0.4	1.9	5.6	1.0 to 2.0
Other Meats	3.5	2.5	4.5	1.5 to 2.5
Poultry	1.3	1.3	7.5	2.0 to 3.0

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# Percent Change in Food CPI

## 2002-2005 (b)

Items	Actual 2002	Actual 2003	Actual 2004	Forecast 2005
All Food	1.8	2.2	3.4	2.5 to 3.5
Food at Home	1.3	2.2	3.8	2.5 to 3.5
Fish and Seafood	-1.6	1.0	2.3	2.0 to 3.0
Dairy	0.6	-0.1	7.3	2.5 to 3.5
Fats and Oils	-0.2	1.3	6.6	3.0 to 4.0
Sugar + Sweets	2.1	1.9	0.7	0.0 to 1.0
Eggs	1.3	<b>13.8</b>	<b>6.2</b>	<b>-4.0 to -3.0</b>

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# Percent Change in Food CPI 2002-2005 (c)

Items	Actual 2002	Actual 2003	Actual 2004	Forecast 2005
All Food	1.8	2.2	3.4	2.5 to 3.5
Food at Home	1.3	2.2	3.8	2.5 to 3.5
Fresh Fruits	1.9	3.3	2.8	3.0 to 4.0
Fresh Vegetables	6.4	2.1	4.3	3.5 to 4.5
Processed F + V	3.7	0.9	1.3	1.0 to 2.0
Cereals + Bakery	2.2	2.4	1.6	2.5 to 3.5
Nonalcoholic Bev.	0.0	0.4	0.4	0.0 to 1.0

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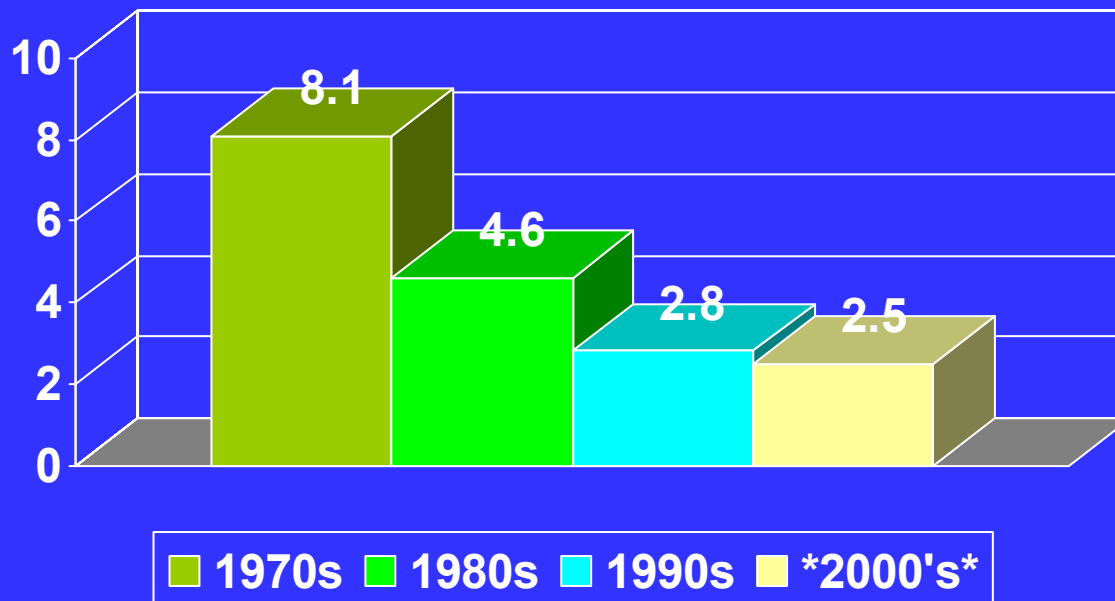
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# Food Price Inflation on the Decline

**Average Annual Percent Change in Food Price Inflation by Decade**



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